

TEEBAgriFood Country Implementation Project: Business Engagement

The Economy of Ecosystem and Biodiversity
Promoting a sustainable agriculture and food sector



Brazil
Online roundtable report
21 & 23 July 2020

Table of contents

Introduction	3
Roundtable agenda	4
Summary panel discussion 21 July	5
Summary panel discussion 23 July	6
Roundtable discussion in breakout room	7
Interactive sessions on Mentimeter	12
Next steps	13

Introduction

The Economics of Ecosystems and Biodiversity for Agriculture and Food (TEEBAgriFood) initiative brings together scientists, economists, policymakers, business leaders and farmer organizations to undertake and apply assessments of agricultural systems.

The initiative highlights the need for organizations in the food system to understand better their impacts and dependencies on natural, social and human capital, and provides them guidance to apply it in their decisions in ways that deliver benefits across the system.

In the context of the TEEBAgriFood Country Implementation Project generously supported by the European Union, the Capitals Coalition works with businesses as part of this project led by United Nations Environmental Programme (UNEP), with the overall goal of building resilience, mainstreaming best practice, protecting biodiversity and contributing to a more sustainable agriculture and food sector.

The roundtable sessions in Brazil held on 21st and 23rd of July 2020 aimed to:

- Share progress of the Operational Guidelines for Business with the stakeholders of the agriculture and food sector
- Receive a feedback from those stakeholders on the Guidelines
- Inspire business for action
- Discuss potential improvement
- Open appetite for learning opportunities and training sessions.

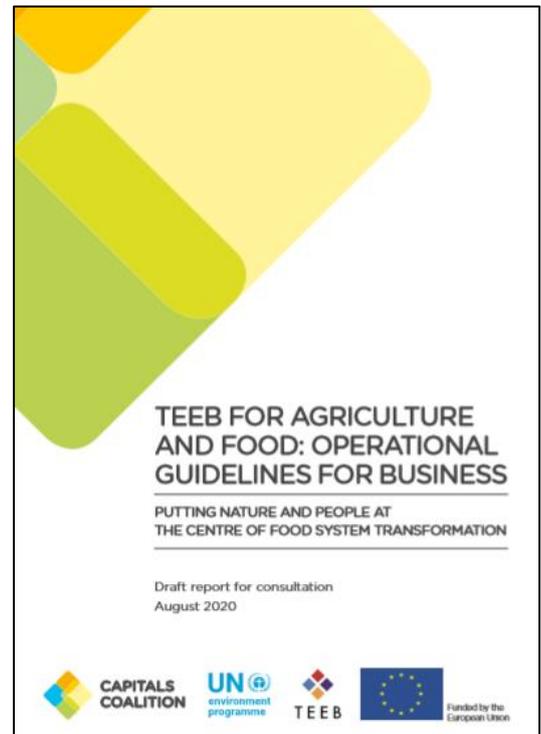
The online event took place over 6 hours, in two sessions of three hours each. A total of 72 people from different stakeholder groups attended.

The roundtable was hosted by CEBDS and Capitals Coalition with participation from UNEP TEEB Office, Brazil.

More information about the project is available on <https://naturalcapitalcoalition.org/projects/teebagrifood/>.

This report captures the main discussions of the roundtable, providing insight in the panel discussions and a synopsis of the feedback provided through the discussions in the break out rooms.

We would like to thank CEBDS, UNEP TEEB office, and our panellists and participants for supporting this roundtable.



Roundtable agenda

21st July – (Brasilia time)

08:30 – 08:45	Welcome and Introduction session 1
08:45 – 08:55	Interactive session: What is your biggest wish for food system transformation?
08:55 – 09:30	Panel discussion including Q&A: “The importance of the food system transformation in Brazil”
09:30 – 09:50	Introduction to TEEBAgriFood Operational Guidelines for Business
09:50 – 10:00	Interactive session: What are you doing currently for food system transformation?
10:00 – 10:15	Coffee break
10:15 – 10:20	Introduction session 2
10:20 – 10:35	Presentation about Frame stage
10:35 – 10:55	Roundtable discussion in breakout rooms - Frame stage
10:55 – 11:15	Presentation about Scope stage
11:15 – 11:35	Roundtable discussion in breakout rooms – Scope stage
11:35 – 11:45	Interactive session and closing

23rd July – (Brasilia time)

08:30 – 08:40	Welcome and Introduction session 3
08:40 – 09:25	Panel discussion including Q&A and interactive session: “Business action based on the assessment of natural, human and social capital”
09:25 – 10:00	Presentation about the Measure & Value stage including Q&A
10:00 – 10:15	Coffee break
10:15 – 10:20	Introduction session 4
10:20 – 10:50	Roundtable discussion in breakout rooms – Measure and Value stage
10:50 – 11:10	Presentation about Apply stage
11:10 – 11:30	Roundtable discussion in breakout rooms – Apply stage
11:30 – 11:45	Interactive session and closing

Summary panel discussion 21 July

'The importance of the food system transformation in Brazil'

The first panel discussion aimed to set the scene in regards to the importance of food system transformation, specifically in Brazil.

Moderator: Ricardo Pereira – CEBDS



André Guimarães - Instituto de Pesquisa Ambiental da Amazônia

"We need to shift the paradigm of expansion or we will collapse as a specie. We should change the finance system that today provides incentives for deforestation in the Amazon forest. We have to rebuild the economy, as we did after World War II, rebuild infrastructure and especially the social rights after the coronavirus. We need to have wisdom as a species to learn from the past and live more coherently on this planet. Today, we are depredating the Earth; we have to invert that process."



Peter May - Federal Rural University of Rio de Janeiro

"The Brazilian exportation of food is significant, but we have to understand that it's linked to deforestation and linked with society and consumer's health. There is a lack of resources for smallholder farmers, who have a key role in food security. We have to support small and medium farmers to integrate them into the food system rather than marginalize them. Sometimes, they are excluded from the finance system. The way the finance sector provides credit should be altered. We need to reduce the consumption of meat and reduce the distance between production and consumption. This is part of the transformation to have a less warm planet and a healthier population. We need to raise consumer's awareness about their responsibility in the food chain. The coronavirus shows us that we are vulnerable. We have to understand better the nexus between the health of humankind and the health of the Earth."



Renato de Aragão Ribeiro Rodrigues- Rede ILPF (Integração Lavoura Pecuária Floresta)

"There is a sense of urgency now. It is a critical time to provide food security; we need to change consumption patterns. The world is complex, so we need holistic solutions with a systemic approach. We have to implement integrated solutions that are sustainable, responsible and ethical. The market needs to transform and integrate solidarity between suppliers, stakeholders, shareholders and consumers. Unlimited growth is no longer possible, but producing and preserving together is possible. The integration of crops, livestock and forests is an example."

Summary panel discussion 23 July

'Business action based on assessment of natural, human and social capitals'

Business representatives were invited who had applied the Natural Capital Protocol and conducted a natural capital assessment prior to this roundtable. They were asked about the challenges and benefits of conducting an assessment.

Moderator: Henrique Luz – CEBDS



Isabel Drigo – IMAFLORA

"When we apply the Natural Capital Protocol in farms, the narratives and perception of producers change. With this methodology, farmers understand the costs and values ecosystems represents; that's a huge advantage.

Natural capital is the base of agricultural production. The valuation provides quantification, monetary and relative value and it can also be translated into costs and opportunities for the business.

The main challenges for application at farm scale was to find the metrics.

Today, invisible but real values are still not reflected in markets. The current imperfect market doesn't recognize the true value of ecosystems' services. The system has to answer that and we have to know who will value, who will pay or provide incentive for preservation actions.

By doing a natural capital assessment, we had a precise picture of one-year production; further development should include the measurement of ecosystem services over the years."

Henrique Luz: "We see a change in the bank system; before it was looking at return and risks and now banks are looking at 'return, risks and impacts'".



Aline Aguiar – RABOBANK

"15 years ago, when the sustainability journey started at Rabobank, it was so difficult to measure the value of a farm with environmental passive, which risks it represents.

Worldwide, the bank recently decided to stop providing credit to legal deforestation; it had huge consequences in Brazil. Rabobank no more finances illegal deforestation for a long time, but legal deforestation exists in the country. It's a new bank philosophy. We know that Brazil has millions of degraded lands that are not productive, and that could be reverted in areas for food production.

The bank is choosing where it provides credit. We prefer supporting projects that restore natural resources to others that deforest to produce, even if it's legal."



Fabiana Reguero – AMAGGI

"We started to assess natural capital in 2011 to understand which are our dependencies and impacts on ecosystem services. The methodology of valuation and management of risks and opportunities helped us to integrate different parts of the business. It provided us with a shared narrative between sustainability, finance and strategy departments.

This methodology stimulated us to expand the scope and to integrate also reputation and other intrinsic values in the strategy. It has provided additional content about the relationships between nature, humans and the business.

It helps us to determine the strategy with our stakeholders and define common commitments. It provided an overview, not only about our activities but about our full value-chain and relationships. That's a continuum process; it's doesn't stop, the capitals stocks and flows change, the human perceptions change so we are continuously adapting our strategy."

Roundtable discussion in breakout room

Roundtable discussions were organised to actively ask for consultation of our participants about the Guidelines.

After the presentation of each Stage of the 'TEEB for Agriculture and Food: Operational Guidelines for Business', participants were allocated into breakout rooms to discuss questions related to each Stage. Afterwards, each facilitator brought the key message of the group in plenary. Below an overview is provided of the main feedback points of the groups.

Which **risks and opportunities** are the main drivers for food businesses in Mexico?

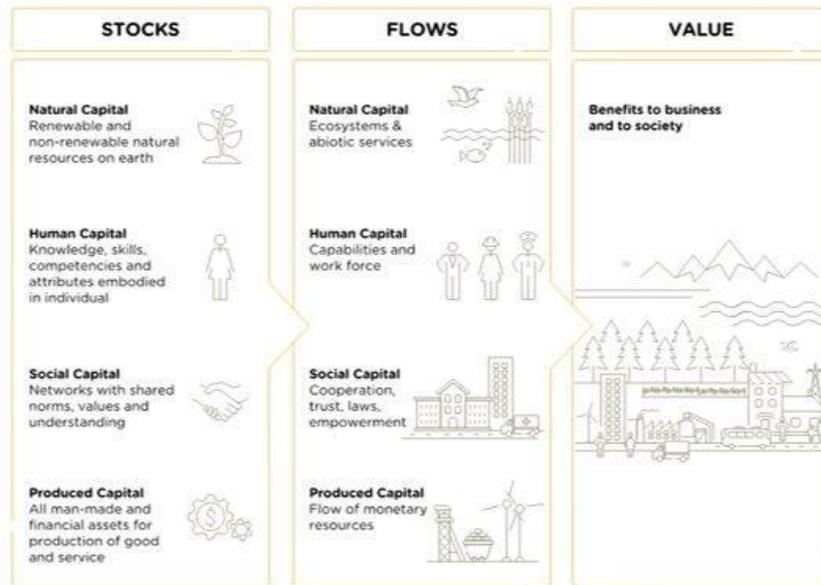
Risks

- **Reputational:** of international markets for exportation and investment. Lack of transparency.
- **Operational and marketing:** climate change, water stress, deforestation, and inefficient infrastructure
- **Social:** risk of exclusion of smallholder farmers and conflicts with communities

Opportunities

- **Social:** For cooperation and associations
- **Reputational and marketing:** To give visibility to value-added of sustainable products, to improve the traceability of the system and mobilize the consumer
- **Financial:** To strengthen family farming with incentives and certification, access to carbon market
- **Operational:** more efficient technologies, Brazil has many natural resources, and rich biodiversity

Does the representation of **capitals stock, flows and value** make sense to you?



"**Capital stock, flows and value:** we shouldn't limit the understanding of what "comes in" and what "comes out" (stocks and flows) in the capitals and their value. We have to understand that flows help to keep the stock healthy with feedback loop effects that renew the stocks and maintain flows of value in the long run."

Are you **missing any material** impact drivers or dependencies in the materiality matrix? Do you agree with the **rankings** in the materiality matrix?

Regarding the impact drivers and dependencies, the following suggestions were made:

- Need to include dependencies on access to investments and access to justice.
- The dependence on good air quality could be similar to the one of water quality.
- Need to include impacts on: food sovereignty, gender equity (being inclusive).
- Include not only indigenous groups but also traditional groups as "quilombolas", "ribeirinhos" and other communities.
- There is a lack of positive impacts such as carbon sequestration, the quality of life of workers and communities.
- The participants miss the indicators such as soil quality, contamination, erosion, sedimentation.
- The discussions highlighted the nexus between food waste and food insecurity

DEPENDENCIES										VALUE CHAIN	IMPACT DRIVERS																																					
NATURAL		HUMAN			SOCIAL			PR.	NATURAL					HUMAN			SOCIAL																															
Water availability	Water quality	Energy	Regulation of physical environment	Regulation of biological environment	Regulation of waste and emissions	Skills and Knowledge	Experience	Workforce availability	Health of workers	Social networks and cooperation	Property rights	Social acceptance and trust	Law and order	Accessibility to infrastructure and technology		Water use	Terrestrial ecosystem use	GHG emissions	Pesticide and herbicide use	Fertilizer use	Soil use	Solid waste	Livestock conditions	Nutritional content of food	Use of harmful substances for consumers	Food safety practices	Employee health and safety conditions	Salaries and benefits	Workers living conditions	Labour rights	Gender rights	Worker's representation	Food security	Food loss or waste	Integration of workforce into communities	Benefits sharing with indigenous communities												
M	H	H	H	H	H	H	H	H	H	M	H	M	M	H	INPUT MATERIALS	H	H	H	M	M	M	M	H	L	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H							
H	H	H	H	H	H	H	H	H	H	M	H	H	H	H	AGRICULTURAL PRODUCTION	H	H	H	H	H	H	M	H	L	H	H	H	H	H	H	H	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	
H	H	M	M	M	H	H	M	M	M	M	L	M	H	H	MANUFACTURING & PROCESSING	H	L	H	L	L	L	H	H	H	H	H	H	H	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	L
M	M	H	L	L	H	M	M	M	M	M	L	L	H	H	DISTRIBUTION & RETAIL	M	M	H	N	N	N	H	M	N	N	H	H	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	N
L	L	H	N	L	H	L	N	N	N	M	N	H	M	L	CONSUMPTION	L	L	M	N	N	N	H	M	H	H	H	N	N	N	L	L	L	L	H	L	N												

H HIGH MATERIALITY
 M MEDIUM MATERIALITY
 L LOW MATERIALITY
 N NOT MATERIAL

Is **measurement and valuation a viable approach** to informing business decisions in the food sector in Brazil?

The general answer to this question was yes, it's a feasible and viable approach, even if many challenges have to be overcome. Some responses:

- Yes, it's viable and necessary to value impact.
- An essential factor is the cost of the valuation; we need to know the costs, time, people needed and resources to realize a capital assessment.
- The methodology needs to be accessible, reachable and have a follow-up process with producers. For example, the certification process is expensive, so a lot of producers don't access it.
- There is a need to identify quantified value, statistics to encourage producers to conserve and be part of the carbon market.
- One of the main prerogatives for the approach is related to land use; this can reveal the value of other environmental factors.
- It allows to create an innovative strategy of production.
- For some people, the approach is still not viable, but it's promising and could be generalized in the future. The discussion now is still not mature.
- Communication is key. It's feasible, but we need to integrate different scales and levels of actions and stakeholders (SME, finance sector, large multinational).
- Cooperative should be engaged for a capital assessment.
- It's vital that businesses see and show these hidden values in external and real markets.
- We need to recognize the obstacle to find data.
- The understanding of the language of measure and value is crucial

What **challenges and solutions** could arise in expanding the use of the capital approach in decision making?

This question was discussed in break out rooms. Below a synopsis is provided of the key outcomes of the discussions within:

On challenges

To **generalize** the use of the words 'capitals' will be a challenge. The concept of a capitals approach is not well understood by the general public.

Valuation includes measurement that needs data records. There is still a **gap** between scientific vision and practice. We need to define which value is material and need to develop the parameterization further. There is a lack of analysis and data at a **landscape** scale. There is a limitation in the **quality of measurement** and valuation due to available resources. Smallholder producers won't have an assessment with a similar quality as big business. **Equity** is an issue there.

For social capital, a challenge is the absence of **public policy**. Build trust and have transparency, traceability and comparability of metrics.

Another challenge comes from the combination of agriculture with nature and people (socio biodiversity, agroecosystem) and that makes the **distinction** between natural and social capital difficult. There is an epistemological limitation of capital approach. Local and indigenous communities probably don't think through the lens of economic valuation. Social development is different from a mathematical equation. The value of traditional livelihood is beyond any natural capital value; it has an **intrinsic value** that has to be recognized.

Solutions

We need to have a **clear objective** of valuation. If it's to engage or to communicate, we already have sufficient data. But to change the business decision, we need to adapt the narrative. We need to think about why we want valuation and what we want to influence.

Regulatory processes that guarantee the valuation should be fostered. The capitals approach should be linked to the national accounting system and this to the balance sheet of business. The Ministry of Economy is working on it.

We have to find mechanisms that will incentivise the valuation on a **bigger scale**. An answer is the standardization of measurement and valuation, which needs to comply with biophysical characteristics of local conditions. Maybe we also need a more detailed level of data to interfere in the decision of funders. This needs to happen in the farm level with granular data for analysis to have a distinction in funding conditions according to farm characteristics. The monitoring systems in real-time at the farm at accessible prices allows follow-up management.

Create mechanisms to **register data** (as the natural forest on the farm) in governmental or bank databases with GIS. For Brazil, the forest reserve areas of a farm have been registered on the Environmental Cadastre Rural. This could be a starting point for valuing natural capital.

The engagement with the full value chain is important. TEEBAgriFood project representatives should listen and establish **dialogues** with producers, there is still a mismatch to be improved. A solution about complex **nature and human valuation** is to think about the services; sometimes we can't provide a number.

We have to recognize and know better the natural capital and its **tipping points**. Stakeholders don't have the same sensitivity relating the limits of exploration of a capital. We have to define the rate of exploration.

Do you think that capitals assessments can help **integrate people and nature into business decisions**?

The general feedback was yes, but rich discussions were held on how an assessment can help and what should be done next. Below a synthesis is provided.

The **equal distribution** of costs and benefits among stakeholders is important. There is a need for cooperation among these stakeholders, including consumers, to induce a change in the productive and consumptive system. Enabling spaces to **share knowledge** at a global level based on local experiences are needed. We need to involve all stakeholders of the value chain, not only agricultural actors.

We have to make explicit the **non-linearity** of the system; we can't separate stocks and flows. Assessment needs to be contextualized in their landscape. The international market has a lot of influence on production and could require knowing the impacts on the capitals of their value chain. We need to stimulate producers to have a strategy planning. We should have a **financial incentive** for producers that protect.

We need to simplify the narrative and standardize it to avoid saturation of complex information. It's important to **reduce trade-offs** between the capitals and clarify their interrelationship. There is a need to **internalize natural capital** in the traditional accountability narrative.

We need to rescue the **cultural knowledge** of producers and incorporate it into this new narrative and attract young people in the field, to apply capital assessments. We need to have basic **financial education** in rural places to take into account the capitals.

We have to be careful and present mechanisms that guarantee that valuation is not greenwashing, but a **tool for transformation** along the value chain. Valuation should **equalize access** to nutritious food, considering the growing hungry

population access in Brazil. Ideally, the most nutritious food shouldn't be the most expensive and the most industrialized food can't be the cheaper one. We need to achieve a balance between production, people and nature.

Interactive sessions on Mentimeter

Throughout the roundtable, Mentimeter was used to ask several questions to the participants and gain direct feedback. For two of the five closing questions the answers were saved in the system. Below the feedback is shown regarding the questions 'How was this first half of the roundtable?' and 'What have you gained from this session? Share your main takeaways'.

Como foi a primeira metade da mesa redonda? How was this first half of the roundtable?



O que você ganhou com esta sessão? Compartilhe o que você leva da sessão / What have you gained from this session? Share your main takeaways



Boa compreensão da abordagem sobre os capitais	Gostei de saber das preocupações da iniciativa e de seu potencial de influenciar mudanças necessárias	É muito relevante discutirmos com diferentes partes interessadas
A construção de um futuro sustentável está em nossa percepção de que todos podemos contribuir.	Que nossas oportunidades e desafios são infinitos, mas que nos organizando e priorizando, podemos obter resultados positivos!	I learned about the Capitals stocks, flows and values. I learned also what is material
Challenging to put together a framework that works both at global and local scale. But encouraging to see so many people engaged	We all wish to transform the food system and there is willing to work together	A construção de um futuro sustentável está em nossa percepção de que todos podem contribuir.



Next steps

In Brazil, four online training sessions will take place to guide business representatives through the four stages of the TEEBAgriFood Operational Guidelines for Business. These trainings aim to help businesses make informed decisions based on integrated capitals assessment for a selected case.

The training sessions in Brazil will run from September to December 2020. After the training sessions the case studies will be collected to show the business case and increase the uptake of other businesses.